

THE TORONTO STOCK EXCHANGE

11/7/68

FILING STATEMENT NO. 1628.
FILED, JULY 19th, 1968.

ALGONQUIN BUILDING CREDITS LIMITED

Full corporate name of Company
Incorporated under the laws of the Province of Ontario
by letters patent dated May 7, 1957

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953
(Ontario) by Letters Patent dated May 1st, 1957).

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things,
an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	See Schedule "A" on page 3.												
2. Head office address and any other office address.	10 Eglinton Avenue East, Toronto 12, Ontario												
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	See Schedule "B" on pages 4 and 5.												
4. Share capitalization showing authorized and issued and outstanding capital.	Authorized - 25,000 6 1/2% cumulative, redeemable, preference shares of the par value of \$20 each and 300,000 common shares without par value. Issued - 25,000 preference and 125,106 common shares												
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	<table> <tr> <td>Bank - demand loan - secured</td><td>\$822,919</td></tr> <tr> <td>6 7/8% Collateral trust notes, Series C, payable on demand</td><td>297,259</td></tr> <tr> <td>7% Collateral trust notes, Series E, payable on demand</td><td>54,821</td></tr> <tr> <td>7% Sinking fund debentures, Series A, maturing March 15, 1970</td><td>480,000</td></tr> <tr> <td>6 3/4% Sinking fund debentures, Series B, maturing August 1, 1983</td><td>588,000</td></tr> <tr> <td>6 1/2% Debentures, Series C, maturing April 15, 1984</td><td>600,000</td></tr> </table>	Bank - demand loan - secured	\$822,919	6 7/8% Collateral trust notes, Series C, payable on demand	297,259	7% Collateral trust notes, Series E, payable on demand	54,821	7% Sinking fund debentures, Series A, maturing March 15, 1970	480,000	6 3/4% Sinking fund debentures, Series B, maturing August 1, 1983	588,000	6 1/2% Debentures, Series C, maturing April 15, 1984	600,000
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6 1/2% Debentures, Series C, maturing April 15, 1984	600,000												
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	By agreement dated July 4, 1968, the Company granted to Cecil H. Franklin an option to purchase at 75¢ per share such number of common shares of the Company which, when taken together with the common and preference shares purchased by him pursuant to the Offer, will represent in the aggregate 49% of the voting rights attached to all of the issued, preference and common shares of the Company. The option is exercisable at any time on or before the third business day following the purchase by Franklin of preference or common shares deposited pursuant to the Offer. This option is conditional upon receipt by July 26, 1968 of Toronto Stock Exchange approval and the approval of all other regulatory bodies having jurisdiction.												

7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	Cecil Hammond Franklin, 27 Country Lane, Willowdale, Ontario has a direct interest, as optionee, in the treasury shares referred to in Item 6.		
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None		
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	<p>The Company has no future development plans other than the continuation of the collection of its outstanding mortgage and loan accounts. The proceeds of the issue of any treasury shares issued under the option referred to in Item 6 will be used as working capital.</p> <p>See accompanying statement on behalf of Cecil H. Franklin.</p>		
10. Brief statement of company's chief development work during past year.	The operations of the Company during the past year have been confined to the collection of outstanding mortgage and other loan accounts.		
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	Not applicable.		
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	Not applicable.		
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	Not applicable.		
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Not applicable.		
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<u>Names and Addresses</u>	<u>Number of Shares</u>	
		<u>Common</u>	<u>Preference</u>
	D. R. Musgrave 44 Jackes Avenue Toronto, Ontario	10,701	---
	Matthews & Company Limited, 220 Bay Street, Toronto, Ontario	8,471	5,280
	R. D. Grant * 21 Ormsby Crescent, Toronto 7, Ontario	4,470	500
	Rodick Investments Ltd., c/o F. D. Lace, 220 Bay Street, Toronto, Ontario	6,700	---
	Bongard, Leslie & Co., 20 King Street West, Toronto, Ontario	7,500	---
	* See Item 1 for shares beneficially owned.		
	<p>The preference shares registered in the name of Matthews & Company Limited are held for a substantial number of clients, none of whom own over 500 shares. Matthews & Company Limited is also the registered holder of a number of the common shares beneficially owned by the directors. A substantial number of common shares registered in the name of Matthews & Company Limited are in street form and their beneficial ownership is unknown.</p> <p>The shares registered in the name of Rodick Investments Limited are beneficially owned by Messrs. R. D. Grant and F. D. Lace, directors of the Company, whose beneficial shareholdings are set forth in Item 1.</p> <p>In the event that the Offer is successful, Cecil H. Franklin of 27 Country Lane, Willowdale, Ontario will be the largest single shareholder of the Company.</p>		

SCHEDULE "A"

By Offer (the "Offer") dated July 4, 1968, Cecil H. Franklin, more particularly referred to in Item 7, offered to purchase from the shareholders of the Company 12,500 6 1/2% cumulative, redeemable preference shares with a par value of \$20 each of the Company at the price of \$4.00 for each preference share and 60,000 common shares without par value of the Company at a price of 75¢ for each common share. In consideration of Cecil H. Franklin making the Offer, the Company has granted to him the option to purchase treasury shares of the Company referred to in Item 6.

On July 4, 1968 the directors of the Company unanimously approved the Offer and recommended acceptance of the Offer by the shareholders. The directors and senior officers of the Company and their associates intend to accept the Offer with respect to the shares beneficially owned by them as follows:

	Shares Beneficially Owned		Shares Tendered	
	Common	Preference	Common	Preference
W. T. Clayton, Director	1	-	-	-
W. J. Corcoran, Director	5,100	-	5,100	-
R. D. Grant, Director	7,810	500	3,900	250
T. H. Inglis, Director	1	-	-	-
F. D. Lace, Director and a Vice- President	6,500	200	3,200	100
R.W.L. Laidlaw, Director	2,000	-	1,000	-
C. C. Laking, Director	3,020	-	1,500	-
W. B. Macdonald, Director and a Vice- President	1,500	-	750	-
G. I. MacKenzie, Director, President and Treasurer	1	-	-	-
D. E. McQuigge, Director	4,040	800	2,000	400
D. R. Musgrave, Director	10,701	-	5,700	-
Matthews & Company Limited, a company of which F. D. Lace is a Director and President	-	490	-	250
Mrs. F. D. Lace	100	275	-	-
Mrs. H. A. Laking	100	-	-	-
Estate of Alice D. Young of which F. D. Lace is a trustee	500	400	-	-

SCHEDULE "B"

<u>Name</u>	<u>Chief Occupation</u>	<u>Address</u>
W. T. Clayton, Director	Comptroller, The Overland Express Ltd.	65 Northland Crescent, Woodstock, Ontario
W. J. Corcoran, Director	Investment Dealer, McLeod, Young, Weir & Co. Ltd.	8 Glen Edyth Drive Toronto 7, Ontario
R. D. Grant, Director	President, The Overland Express Ltd.	21 Ormsby Crescent, Toronto 7, Ontario
T. H. Inglis, Director	Associate Treasurer, North American Life Assur- ance Co.	45 Montgomery Avenue, Etobicoke, Ontario
F. D. Lace, Director and Vice-President	President, Matthews & Company Limited	15 Hillholm Road, Toronto, Ontario
R.W.L. Laidlaw, Director	President, R. Laidlaw Lumber Co. Ltd.	29 Country Lane, Willowdale, Ontario
C. C. Laking, Director	President, C.C. Laking Ltd.	22 Old Colony Road, Willowdale, Ontario
W. B. Macdonald Director and Vice-President	President, A.E. Ames & Co. Ltd.	202 Roxborough Drive, Toronto, Ontario
G. I. MacKenzie, Director, Presi- dent & Treasurer	President of the Company	96 Willingdon Boulevard, Toronto, Ontario.
D. E. McQuigge, Director	Vice-President, Mindustrial Corp. Ltd.	2 Highbourne Road, Toronto, Ontario
D. R. Musgrave, Director	President, Brampton Lumber Co. Ltd.	44 Jackes Avenue, Toronto, Ontario
F. M. Fell, Secretary	Partner, Fasken & Calvin	34 Glenorchy Road, Don Mills, Ontario

Except as otherwise indicated below, the chief occupations of the directors and officers referred to above have remained the same during the past 5 years.

W. J. CORCORAN was President of the Company from February, 1965 to September, 1966 and prior thereto was an employee of the Company.

W. T. CLAYTON was President of the Company from September, 1966 to January, 1967 and prior thereto was Treasurer of the Company.

G. I. MACKENZIE was an industrial advisor to the Bank of Montreal prior to his becoming President of the Company in January, 1967.

T. H. INGLIS, prior to becoming Associate Treasurer of North American Life Assurance Company in 1967, was an Assistant Treasurer of North American Life Assurance Company.

W. B. MACDONALD, prior to becoming President of A.E. Ames & Co. in 1968 was a Vice-President of that company.

In the event that Cecil H. Franklin purchases an aggregate of not less than 60,000 common shares of the Company under the Offer and/or the option referred to in Item 6, Messrs. W. T. Clayton, W. J. Corcoran, R. D. Grant and D. R. Musgrave have agreed to resign as directors and it is proposed that Messrs. Cecil H. Franklin, Edward R. Heald, Wilfred R. Abbott and William S. Miller will be appointed directors

SCHEDULE "B"

SCHEDULE "B" (CONT'D)

in their place and stead.

In the event that Cecil H. Franklin purchases an aggregate of not less than 60,000 common shares of the Company under the Offer and/or the option referred to in Item 6, it is contemplated that the directors and officers of the Company will be as follows:

Name	Chief Occupation	Address
W. R. Abbott, Director	Secretary-Treasurer, Coupco Limited	156A Highbourne Road, Toronto, Ontario
C. H. Franklin, Director and Executive Vice- President	President and Director, Minaco Equipment Limited Director, Vascan Limited, Tribag Mining Company Limited and Nigadoo River Mines Limited	27 Country Lane, Willowdale, Ontario
E. R. Heald, Director	Director, Tribag Mining Company Limited	56 Ridley Boulevard, Toronto, Ontario
T. H. Inglis, Director	Associate Treasurer, North American Life Assur- ance Co.	45 Montgomery Avenue, Etobicoke, Ontario
F. D. Lace, Director and a Vice-President	President, Matthews & Company Limited	15 Hillholm Road, Toronto, Ontario
R.W.L. Laidlaw, Director	President, R. Laidlaw, Lumber Co. Ltd.	29 Country Lane, Willowdale, Ontario
C.C. Laking, Director	President, C.C. Laking Ltd.	22 Old Colony Road, Willowdale, Ontario
W.B. Macdonald, Director and a Vice-President	President, A.E. Ames & Co. Ltd.	202 Roxborough Drive, Toronto, Ontario
G. I. MacKenzie, Director, Presi- dent and Treasurer	President of the Company	96 Willingdon Blvd., Toronto, Ontario
D.E. McQuigge, Director	Vice-President, Mindustrial Corp. Ltd.	2 Highbourne Road, Toronto, Ontario
W. S. Miller, Director	General Manager, Minaco Equipment Limited	920 Whittier Crescent, Port Credit, Ontario
F. M. Fell, Secretary	Partner, Fasken & Calvin	34 Glenorchy Road, Don Mills, Ontario

FINANCIAL STATEMENTS

C. H. FRANKLIN
60 MILLER STREET
TORONTO 9
TELEPHONE NO. 6-8174

July 18, 1968.

Toronto Stock Exchange,
234 Bay Street,
TORONTO, Ontario.

Dear Sirs:

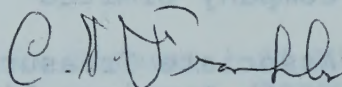
Re: Algonquin Building Credits, Limited

I understand that in connection with the filing statement dated July 9, 1968 of the above Company you have requested a statement from me with respect to the future activities of the Company.

Accordingly, I am writing to advise you that if my offer is successful it is proposed that the Company will continue the collection and liquidation of its outstanding mortgages and notes receivable and the repayment of its current indebtedness as receipts permit. My future plans for the Company may include refinancing with a view to directing its activities to the acquisition of revenue producing situations in order to utilize to the extent available its apparent tax loss.

Any such financing or changes in the present business of the Company will, of course, be subject to your requirements for the acceptance for filing of notice thereof.

Yours very truly,



CHF/MLH

C. H. Franklin.

ALGONQUIN BUILDING CREDITS LIMITED (and its wholly-owned subsidiary ALGONQUIN CAPITAL CORPORATION LIMITED) CONSOLIDATED BALANCE SHEET JUNE 30, 1968.

A S S E T S

CURRENT:

Cash on hand and in bank		\$ 142,234.
Instalment Notes Receivable	\$ 1,803,543	
Less: Allowance for doubtful accounts (2)	833,324	970,219
Accrued mortgage interest receivable		8,142
Sundry accounts receivable and prepaid expenses		60,679
		\$ 1,181,274
Mortgages Receivable and advances (less allowance for losses of \$187,785) (3)		1,919,243
Office Equipment & unamortized leasehold improvements (less accumulated depreciation of \$36,454)		8,197

OTHER ASSETS:

Unamortized Debenture expense and discount	50,856	
Deferred mortgage acquisition costs	536	51,392
		\$ 3,160,106

L I A B I L I T I E S

CURRENT:

Bank loan - secured	\$ 822,920	
Accounts payable and accrued charges	73,675	
6 7/8% Collateral trust notes, Series C, payable on demand (5)	297,259	
7% Collateral trust notes, Series E, payable on demand (5)	54,821	\$ 1,248,675

DEFERRED INCOME:

Unearned service charges on notes receivable	28,351	
Unearned interest on mortgages	122,657	151,008

LONG TERM LLABILITIES: (4)

7% Sinking fund debentures, Series A, maturing March 15, 1970	480,000	
6 1/2% Sinking fund debentures, Series B, maturing August 1, 1983	588,000	
6 1/2% Debenture Series C, maturing April 15, 1984	600,000	1,668,000

SHAREHOLDERS' EQUITY:

Capital (6) and (7)		
Authorized: 25,000 6 1/2% Cu.Red.Pref. Shares of \$20.00 n. p. v.		
300,000 Common Shares n. p. v.		
Issued and Fully Paid:		
25,000 Preference Shares	\$ 500,000	
125,106 Common Shares	734,061	1,234,061
Less: Commissions and expenses paid on issue of shares (less premiums received)		(36,611)
		1,197,450
Deficit		(1,105,027)
		92,423
		\$ 3,160,106

The figures contained herein are unaudited.

ALGONQUIN BUILDING CREDITS LIMITED
and its wholly-owned subsidiary
Algonquin Capital Corporation Limited

STATEMENTS OF CONSOLIDATED PROFIT AND LOSS
AND CONSOLIDATED DEFICIT

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 1968.
(with comparative figures for the six month period ended June 30, 1967.)

CONSOLIDATED PROFIT AND LOSS

	<u>1968</u>	<u>1967</u>
REVENUE:		
Earned service charges and other income	\$ 130,135	\$ 213,676
EXPENSES:		
General and administrative expenses	76,715	114,481
Costs of borrowing money	106,921	146,882
Provision for doubtful accounts	4,926	--
Amortization of mortgage acquisition costs	--	2,911
Depreciation	1,290	1,440
Total expenses	<u>189,852</u>	<u>265,714</u>
Net Loss for the Period	<u>\$ 59,717</u>	<u>\$ 52,038</u>

CONSOLIDATED DEFICIT

Deficit at beginning of year	\$1,045,310	\$ 877,103
Add:		
Net loss for the period January 1 to June 30	<u>59,717</u>	<u>52,038</u>
Deficit at end of period	<u>\$1,105,027</u>	<u>\$ 929,141</u>

ALGONQUIN BUILDING CREDITS LIMITED
and its wholly-owned subsidiary

Algonquin Capital Corporation Limited

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 1968

CASH RECEIPTS:

Payments received from:		
Instalment notes receivable	\$ 384,239	
Accounts receivable	14,539	
Mortgages receivable	205,661	
Interest payments received in addition to the precalculated interest which is included in the face amount of instalment notes and mortgages receivable	<u>83,763</u>	
Total receipts		\$ 688,202

CASH DISBURSEMENTS:

Interest payments made	106,495	
General and administrative expenses paid	75,229	
Advances made re existing mortgages	<u>18,723</u>	
Total disbursements		<u>200,447</u>
Excess of receipts over disbursements		<u>\$ 487,755</u>

APPLICATION OF NET CASH RECEIPTS:

Reduction in senior debt	\$ 502,000	
Decrease in cash balance	<u>(14,245)</u>	
		<u>\$ 487,755</u>

Note:

No new contracts in either notes or mortgages were purchased and all cash received, less operating costs and interest payments, was applied to the discharge of the Company's obligations to its bankers and secured noteholders.

ALGONQUIN BUILDING CREDITS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 1968

1. Because of the substantial bad debt losses and restrictions contained in the supplemental trust indenture referred to in note 5, the company has discontinued the acquisition of notes and mortgages. All cash received, less operating costs, is being applied to the discharge of obligations. In addition to unearned service charges and interest of \$151,003, the company will obtain income from interest-bearing mortgages.

2. The following summary shows the status of the notes receivable at June 30, 1968:

Accounts with instalments less than 30 days in arrears or with no arrears		\$ 264,311
Accounts with instalments in arrears for -		
30 to 59 days	75,061	
60 to 89 days	33,593	
90 days or more	<u>1,430,578</u>	<u>1,539,232</u>
		1,803,543
Less allowance for doubtful accounts		<u>833,324</u>
		<u>\$ 970,219</u>

3. The following summary shows the status of mortgages held by the subsidiary company at June 30, 1968:

	<u>Accounts with instalments 90 days or more in arrears</u>	<u>Accounts with no arrears or with instalments less than 90 days in arrears</u>	<u>Total</u>
Interest - included mortgages (including those arising on conversion of home improvement loans)	\$167,661	\$ 273,795	\$ 441,456
Interest -bearing mortgages:			
(a) Arising on conversion of home improvement loans	170,992)		
(b) Acquired directly by the subsidiary	331,386)	1,022,886	1,525,264
Other mortgages	<u>128,100</u>	<u>16,218</u>	<u>144,318</u>
	<u>\$798,139</u>	<u>\$1,312,899</u>	<u>\$2,111,038</u>
Sundry advances			<u>(4,010)</u>
			\$2,107,028
Less allowance for doubtful accounts			<u>187,785</u>
			<u>\$1,919,243</u>

4. The bad debt losses referred to in note 1 resulted in the breach by the company under the debenture trust indentures of certain covenants limiting the amount of the company's funded debt in relation to its shareholders' equity and unearned service charges and in the failure of the company to meet the sinking fund payments on the Series A and B debentures. Meetings of the holders of the company's debentures have been held and appropriate action has been taken to deal with these defaults without forcing the immediate realization of the assets of the company.

The trust indenture securing the sinking fund debentures contains dividend and share redemption restrictions based on the relationship of the shareholders' equity to unsecured funded indebtedness. The Series A debentures are redeemable at a premium of 2.1% to March 15, 1968 and at reducing amounts thereafter. The Series B debentures are redeemable at

ITEM 4 (cont'd)

a premium of 5.15% to August 1, 1968 and at reducing amounts thereafter.

The Series C debentures were redeemable at a premium of 5.3% to April 15, 1968 and at reducing amounts thereafter.

5. The supplemental trust indenture, dated April 1, 1966, relating to the collateral trust notes, includes, among other provisions, an amendment to the previous indentures which provides that the company may not purchase or acquire mortgages or instalment obligations except for the purpose of collecting or facilitating the collection of existing instalment or mortgage obligations.

The supplemental trust indenture also limits the aggregate amount of dividends (other than stock dividends) and the redemption of capital stock subsequent to January 1, 1961 to the amount of the consolidated net earnings arising from that date.

6. The preference shares are redeemable at a premium of $2\frac{1}{2}\%$. The supplementary letters patent creating the preference shares contain restrictions concerning the issue of additional preference shares. The arrears of dividends on the preferred shares amounted to \$97,500 at June 30, 1968 and dividends on such shares were paid to June 15, 1965.
7. At June 30, 1968 there were outstanding share purchase warrants (issued with the Series B debentures, the Series C debentures and the 15,000 $6\frac{1}{2}\%$ cumulative redeemable preference shares issued in 1964) entitling the holders thereof to purchase an aggregate of 27,000 common shares at \$14 per share to August 1, 1969.
8. The estimated loss available for income tax purposes to offset any future earnings amounts to \$1,105,027 at June 30, 1968 of which \$937,746 applies to the parent company and \$167,281 to the wholly-owned subsidiary.

<p>16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.</p>	<p>The shares held by the directors and Mr. J. G. Lind, a former director, are sufficiently large to materially affect control of the Company. The names and addresses of the directors are set forth in Item 3 and their shareholdings are stated in Item 1. Mr. J. G. Lind of 288 Commissioners Road West, London, Ontario is the registered owner of 5,470 common and 50 preference shares.</p> <p>In the event that the Offer is successful, Cecil H. Franklin will own common and preference shares representing 49% of the voting rights attached to all of the preference and common shares of the Company.</p>
<p>17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.</p>	<p>None.</p>
<p>18. Brief statement of any lawsuits pending or in process against company or its properties.</p>	<p>None other than routine collections on overdue accounts.</p>
<p>19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.</p>	<p>None other than indentures under which debt securities of the Company have been issued, and amendments thereto.</p>
<p>20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.</p>	<p>There are no other material facts. The shares of the Company are not presently in the course of primary distribution.</p>

DATED July 9, 1968.

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

ALGONQUIN BUILDING CREDITS LIMITED
 "G.I. MacKenzie" Per: [Signature] CORPORATE SEAL
 "F.D. Lace" Per: [Signature]
 Vice-President & Director

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

[Signature]
 Cecil H. Franklin

AR83

THE TORONTO STOCK EXCHANGE

6/2/69

FILING STATEMENT NO. 1676.
FILED, FEBRUARY 26th, 1969.

ALGONQUIN BUILDING CREDITS LIMITED

Full corporate name of Company
Incorporated under the laws of the Province of
Ontario by letters patent dated May 7, 1957

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953
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2. Head office address and any other office address.	76 St. Clair Avenue West, Toronto 7, Ontario
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	See Schedule "B" on page 5.
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5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	Bank - demand loan - (secured by 6% Collateral Trust Notes, Series D, payable on demand in principal amount of \$1,830,000) \$ 490,325 6 7/8% Collateral trust notes, Series C, payable on demand 177,132 7% Collateral trust notes, Series E, payable on demand 32,544 7% Sinking fund debentures, Series A, maturing March 15, 1970 480,000 6 3/4% Sinking fund debentures, Series B, maturing August 1, 1983 588,000 6 1/2% Debentures, Series C, maturing April 15, 1984 600,000
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	Not applicable
Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	Not applicable
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	Not applicable

9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	Subject to completion of the reorganization referred to in item 1A the Company will proceed with its purchase of the Canadian bank indebtedness of Hardee and the acquisition of treasury shares of Hardee referred to in item 1B and will continue the collection and liquidation of its outstanding notes and mortgages receivable. The Company will also consider the acquisition of further revenue producing situations.		
10. Brief statement of company's chief development work during past year.	The operations of the Company during the past year have been confined to the collection of outstanding mortgage and other loan accounts.		
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	Not applicable but reference is made to item 1B for particulars of proposed purchase of treasury shares of Hardee.		
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	To the knowledge of the Company no person at the date hereof has greater than a 5% interest in Hardee.		
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	Not applicable		
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Not applicable		
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<u>Names and Addresses</u>	<u>Common</u>	<u>Preference</u>
	Cecil H. Franklin, 60 Millar Street, Toronto 9, Ontario.	95,890	6,450
	Matthews & Company Limited, 220 Bay Street, Toronto 1, Ontario.	13,983	3,630
	Bongard Leslie & Co., 20 King Street West, Toronto 1, Ontario	10,700	-
	George T. Heintzman, c/o Matthews & Company Limited, 220 Bay Street, Toronto 1, Ontario.	9,300	-
	D. R. Musgrave, 44 Jackes Avenue, Toronto, Ontario	5,001	-
	Endel A. Karmo, R. R. # 5, Truro, Nova Scotia		900
	Empire Stamp Corporation, Suite 1150, 52 Yonge Street, Toronto 1, Ontario	-	795
	Edwin Peterson, 3549 McOwen Avenue, The Bronx 68, New York, U.S.A.		500
	Note - 50 of the common shares and 100 of the preference shares registered in the name of Matthews & Company Limited are beneficially owned by Frank D. Lace, a Vice-President and a Director of the Company. In addition 400 of the preference shares registered in the name of Matthews & Company Limited are beneficially owned by D. E. McQuigge, a Director of the Company.		

SCHEDULE "A"

A - Company Reorganization. The Company is seeking the approval of the holders of its outstanding Collateral Trust Notes, Debentures and Shares to the following reorganization:

The holders of the Company's Collateral Trust Notes referred to in Item 5 are being asked to approve the elimination, as security for the Notes, of the floating charge upon all of the Company's undertaking, property and assets; elimination of the prohibition against the purchase or other acquisition by the Company of any mortgage or instalment obligations except for the purpose of collecting or facilitating the collection of existing instalment or mortgage obligations; elimination of the requirement that the Noteholders be given notice of meetings of the directors and all information and materials relating to the business and operations of the Company provided to the directors; elimination of the prohibition against the Company paying or declaring any dividends; elimination of the requirement that all moneys collected by the Company in the conduct of its business be applied to the repayment of Notes; and elimination of the prohibition against engaging in any business other than the finance business or investing funds in any corporation or other business not engaged in the finance business.

The Company's Debentureholders at a special and serial meeting called for February 6, 1969, are being asked to approve the cessation of interest on the outstanding Debentures from and after February 6, 1969; elimination of the sinking funds applicable to the Series A and Series B Debentures and the purchase fund applicable to the Series C Debentures; elimination of the right of the Company to redeem or purchase Debentures; change in the maturity dates of the Debentures so that the Debentures of all series shall mature and become due and payable as to 20% of the principal amount thereof, without interest or premium, on March 15 in each of the years 1969 to 1973 inclusive and that for each Debenture in the principal amount of \$1,000 outstanding on March 14, 1969, each 20% instalment payment of \$200 shall be paid as to \$80 in lawful money of Canada and as to \$120 by the issue of 24 fully paid 5¢ non-voting participating preference shares of the Company referred to below, all to the effect that the Debentures shall be fully paid and discharged on payment and issue to the Debentureholders for each \$1,000 principal amount of Debentures outstanding on March 14, 1969 of \$400 in lawful money of Canada and 120 non-voting preference shares; elimination of all restrictions expressed to be applicable while any particular series of Debentures remains outstanding including restrictions relating to the aggregate principal amount of the Company's unsecured funded indebtedness, junior and senior debt, the issue of additional unsecured funded indebtedness, and the declaration of dividends and the redemption and retirement of its share capital; and the re-designation of the Debentures of all series as Non-Interest Bearing Debentures which shall rank pari passu, one with the other.

The shareholders of the Company at separate meetings of the holders of the common shares and of the 6 1/2% Cumulative Redeemable Preference Shares to be held February 5, 1969 are being asked to consider and, if thought fit, to agree to an Arrangement dated January 3, 1969 between the Company and its shareholders which Arrangement will not become effective or binding unless and until it is agreed to with or without variation by at least three-quarters of the shares represented at the respective meetings, sanctioned by the Supreme Court of Ontario and confirmed by supplementary letters patent. Under the terms of the Arrangement:

- (a) the authorized capital of the Company will be increased by the creation of an additional 175,000 common shares without par value, each ranking on a parity with the existing 300,000 common shares, and the creation of 975,000 5¢ non-voting participating preference shares without par value;
- (b) the existing 25,000 issued 6 1/2% Cumulative Redeemable Preference Shares of the par value of \$20 each will be reclassified, subdivided and changed into 25,000 fully paid common shares and 25,000 fully paid non-voting preference shares;

- (c) all unpaid accumulated dividends and all rights to dividends accrued or to accrue on the outstanding 6 1/2% Cumulative Redeemable Preference Shares will be terminated and extinguished;
- (d) the rights of the holders of the outstanding 6 1/2% Cumulative Redeemable Preference Shares shall consist solely of the right to receive one fully paid 5¢ non-voting participating preference share and one common share for each 6 1/2% Cumulative Redeemable Preference Share held; and
- (e) the preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the new 5¢ non-voting participating preference shares are set forth in Schedule A.

Upon the Arrangement taking effect and becoming binding upon the Company and its shareholders, the authorized and issued capital of the Company will be as follows:

	<u>Authorized</u>	<u>Issued</u>
5¢ non-voting participating preference shares without par value	1,000,000	25,000 *
common shares without par value	500,000	230,106

* 200,160 5¢ non-voting participating preference shares are reserved for issue upon redemption of the Company's outstanding \$1,668,000 principal amount of Non Interest Bearing Debentures.

Note - The required approval of the arrangement by the preference and common shareholders of the Company was obtained on February 5, 1969.

The required approval of the corporate reorganization by the holders of the Company's debentures was obtained on February 25, 1969.

B - Interest in Hardee Farms International Ltd. Agreement in principle has been reached under which the Company will purchase from the Canadian bankers of Hardee Farms International Ltd. ("Hardee") all of the Canadian bank indebtedness of Hardee which aggregated \$3,589,231 (U.S.) and \$280,602 (Canadian) as at December 31, 1968 together with interest thereon to the date of closing for an aggregate purchase price equivalent to one-half of the indebtedness outstanding as at November 15, 1968, together with interest thereon to the date of closing. The transaction is to close March 14, 1969, or such earlier date as may be mutually agreed and is subject to completion by Hardee of its obligations under the agreement hereafter referred to.

Agreement in principle has also been reached under which one-half of the outstanding debt to be purchased by the Company will be surrendered to Hardee and cancelled. As consideration therefor, Hardee will issue to the Company at the price of \$1.00 per share in excess of 2,000,000 fully paid common shares of Hardee, being such number of common shares of Hardee as shall equal one-half the number of dollars of debt to be purchased by the Company. The remainder of the outstanding debt to be purchased by the Company will remain outstanding and be secured by all of the security presently held by the banks.

The aforesaid agreements are subject to approval of the reorganization of the Company referred to in item 1A by the shareholders, debentureholders and holders of collateral trust notes of the Company, arrangement by the Company of the bank financing required by it to purchase the Hardee bank debt and substantiation to the satisfaction of the Company's directors of the fiscal feasibility of the proposals.

The Company intends to borrow from its bankers the approximately \$2,000,000 required to purchase the Hardee bank debt. After completion of the current corporate reorganization, the Company intends to offer to the holders of its common shares the right to subscribe for one additional common share for each common share held at a price to be determined by the directors of the Company. The new capital raised by this means will be applied to the reduction of the Company's bank indebtedness.

SCHEDULE "B"

<u>Name</u>	<u>Chief Occupation</u>	<u>Address</u>
W. R. Abbott, Director	Secretary-Treasurer, Coupco Limited	156A Highbourne Road, Toronto, Ontario
C. H. Franklin, Director, President and Treasurer	President and Director, Minaco Equipment Limited Director, Vascan Limited, Tribag Mining Company Limited and Nigadoo River Mines Limited	27 Country Lane, Willowdale, Ontario
E. R. Heald, Director	Director, Tribag Mining Company Limited	56 Ridley Boulevard, Toronto, Ontario
T. H. Inglis, Director	Treasurer, North American Life Assur- ance Co.	45 Montgomery Avenue, Etobicoke, Ontario
F. D. Lace, Director and a Vice-President	President, Matthews & Company Limited	15 Hillholm Road, Toronto, Ontario
R.W.L.Laidlaw, Director	President, R. Laidlaw, Lumber Co. Ltd.	29 Country Lane, Willowdale, Ontario
C. C. Laking, Director	President, C.C. Laking Ltd.	22 Old Colony Road, Willowdale, Ontario
W.B.Macdonald, Director and a Vice-President	President, A. E. Ames & Co. Ltd.	202 Roxborough Drive, Toronto, Ontario
G. I. MacKenzie, Director	Retired	96 Willingdon Blvd., Toronto, Ontario
D. E. McQuigge, Director	Vice-President, Mindustrial Corp. Ltd.	2 Highbourne Road, Toronto, Ontario
W. S. Miller, Director	General Manager, Minaco Equipment Limited	920 Whittier Crescent, Port Credit, Ontario
F. M. Fell, Secretary	Partner, Fasken & Calvin	34 Glenorchy Road, Don Mills, Ontario.

Except as otherwise indicated below, the chief occupations of the directors and officers referred to above have remained the same during the past 5 years.

G. I. MacKENZIE was President of the Company during the years 1967 and 1968 and prior thereto was an industrial advisor to the Bank of Montreal.

T. H. INGLIS, prior to becoming Treasurer of North American Life Assurance Company in 1968, was Associate Treasurer of North American Life Assurance Company.

W. B. MACDONALD, prior to becoming President of A.E. Ames & Co. in 1968 was a Vice-President of that company.

FINANCIAL STATEMENTS

Algonquin Building Credits Limited and its wholly-owned subsidiary
(Incorporated under the laws of Ontario)
Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet

as at December 31, 1968.
(prepared without audit)

ASSETS

LIABILITIES

	Balance Sheet	Pro forma consolidated balance sheet (note 1)		Balance Sheet	Pro forma consolidated balance sheet
Current:			Current:		
Cash	\$ 126,983.	\$ (478,874.)	Bank loan-secured (note 9)	\$ 490,325.	\$ 2,490,325.
Deposit receipt	61,343.		Accounts payable and accrued charges	29,036.	29,036.
Installment notes receivable (including amounts not due within one year of approximately \$115,000) after allowance for doubtful accounts of \$833,324 (note 3)	668,132.	668,132.	Interest payable	37,172.	37,172.
Accounts receivable and prepaid expenses	33,440.	33,440.	6 7/8% Collateral trust notes, Series C payable on demand (note 5)	177,132	177,132.
			7% Collateral trust notes, Series E payable on demand (note 5)	32,544.	32,544.
Total current assets	\$ 889,898.	\$ 222,698.	Total current liabilities	\$ 766,209.	\$ 2,766,209.
Mortgages receivable:			Deferred income		
Mortgages receivable over terms of up to fifteen years (including instalments due within one year of \$335,000) after allowance for doubtful accounts of \$187,785. (note 3)	\$ 1,637,072.	\$ 1,637,072.	Unearned service charges on instalment notes receivable	9,645.	9,645.
Investment in partially owned subsidiary Hardee Farms International Ltd. at cost (note 1)		2,000,000.	Unearned interest on mortgages	92,661.	92,661.
Fixed assets:			Long term liabilities (notes 1, 4 and schedule A)	\$ 102,306.	\$ 102,306.
Office equipment, at cost and unamortized leasehold improvements	43,995.	43,995.	Shareholders equity:		
Less accumulated depreciation	37,099.	37,099.	Capital (notes 1, 6 and 7)		
	6,896.	6,896.	Authorized (note 1)		
Deferred charges:			Issued (note 1)	500,000.	
Unamortized debenture issue expenses	47,099.	47,099.	Balance Sheet		
Deferred mortgage acquisition costs	47,638.	47,638.	205,106 common shares (80,000 shares issued during 1968 for cash)	794,061.	
				1,294,061.	
			Pro forma balance		2,294,861.
			225,160 non-voting preference shares		
			230,106 common shares		
			Less: commissions and expenses paid on issue of shares (less premiums received.)	36,611.	36,611.
				1,257,450.	2,258,250.
				(1,212,461.)	(1,212,461.)
			Deficit		
				44,989.	1,045,789.
			Total shareholders equity	\$ 2,581,504.	\$ 3,914,304.


Director


Director

ALGONQUIN BUILDING CREDITS LIMITED
and its wholly-owned subsidiary
Algonquin Capital Corporation Limited

STATEMENTS OF CONSOLIDATED PROFIT AND LOSS
AND CONSOLIDATED DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1968
(prepared without audit)

CONSOLIDATED PROFIT AND LOSS

Revenue:	
Earned service charges and other income	\$ 253,685
Expenses:	
General and administrative expenses	159,020
Costs of borrowing money	197,988
Uncollectible accounts (note 3)	61,238
Depreciation	2,590
Total expenses	<u>420,836</u>
Net loss for the year	\$ <u>167,151</u>

CONSOLIDATED DEFICIT

Deficit at beginning of year	\$1,045,310
Add net loss for the year	<u>167,151</u>
Deficit at end of year	<u>\$1,212,461</u>

(See accompanying notes)

STATEMENT OF CONSOLIDATED CASH RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1968
(prepared without audit)

Cash receipts:	
Payments received on instalment notes receivable	\$ 661,031
Payments received on mortgages receivable	515,740
Interest payments received on interest bearing mortgages	162,599
Sale of common shares	60,000
	<u>1,399,370</u>
Cash disbursements:	
Reduction of senior debt	977,000
Interest on debt	197,988
General and administrative expenses	159,020
Advances re existing instalment notes and mortgages	26,627
Sundry	6,888
	<u>1,367,523</u>
Increase in cash and deposit receipt	<u>\$ 31,847</u>

ALGONQUIN CAPITAL CORPORATION LIMITED

Long-term Liabilities

Balance sheet (Note 1 and 4)

7% Sinking fund debentures, Series A maturing March 15, 1970	\$ 480,000.
6½% Sinking fund debentures, Series B maturing August 1, 1983	588,000.
6½% Debentures, Series C maturing April 15, 1984	<u>600,000.</u>
Total long term liabilities	<u>\$ 1,668,000.</u>

ALGONQUIN BUILDING CREDITS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1968.

1. The pro forma consolidated balance sheet at December 31, 1968 gives effect to the following proposed transactions:
 - (a) the reorganization of the authorized preference share capital of the company from the present authorized of
-25,000 6½% cumulative preference shares of \$20.00 par value,
redeemable at \$20.50
into an authorized of:

1,000,000 5¢ non-voting, non-cumulative preference shares without par value.

In any fiscal year -
 - 1) the 5¢ dividend is to be paid before any dividend is paid on the common shares and
 - 2) each preference share is entitled to receive a dividend equal to the dividend declared on each common share subsequent to the payment of a 5¢ dividend on the preference shares and the common shares.
 - (b) the increase of the authorized common share capital of the company from 300,000 shares to 500,000 shares;
 - (c) the conversion of the outstanding 25,000 6½% cumulative preference shares into 25,000 common shares plus 25,000 5¢, non-voting, preference shares;
 - (d) the payment of \$667,200 over a period of 5 years and the issue of 200,160 5¢ non-voting preference shares over the same period on the maturity of new non-interest bearing debentures to be issued in the principal amount of \$1,668,000. Under the terms of the proposed reorganization the new debentures will be due in equal amounts of \$336,000 on March 15 in each of the years 1969 to 1973. \$133,400 of the \$336,000 will be paid in cash and 40,032 preference shares will be issued for the balance of the amount due.
 - (e) The acquisition by the company of an interest in Hardee Farms International Ltd. by the purchase of 1) demand notes of Hardee Farms International Ltd. having a face value of approximately \$2,000,000 and 2) approximately 2,000,000 fully paid common shares of Hardee Farms International Ltd. for an aggregate consideration of approximately \$2,000,000.
2. Because of the substantial bad debt losses and restrictions contained in the supplemental trust indenture referred to in note 5, the company has discontinued the acquisition of notes and mortgages. All cash received, less operating costs, is being applied to the discharge of obligations. In addition to unearned charges and interest of \$102,306, the company will obtain income from interest-bearing mortgages.
3. The company has not had an opportunity to review the collectibility of the notes receivable and the mortgages receivable for the 1968 financial statements and accordingly has carried forward from the December 31, 1967 financial statements the allowance for doubtful accounts of \$833,324 for the notes and of \$187,785 for the mortgages. In their opinion to the 1967 financial statements the auditors stated that the allowance for doubtful accounts was low by approximately \$150,000.

4. The bad debt losses referred to in note 2 resulted in the breach by the company under the debenture trust indentures of certain covenants limiting the amount of the company's funded debt in relation to its shareholders' equity and unearned service charges and in the failure of the company to meet the sinking fund payments on the Series A and B debentures. Meetings of the holders of the company's debentures have been held and appropriate action has been taken to deal with these defaults without forcing the immediate realization of the assets of the company.

The trust indenture securing the sinking fund debentures contains dividend and share redemption restrictions based on the relationship of the shareholders' equity to unsecured funded indebtedness. The Series A debentures are redeemable at a premium of 1.4% to March 15, 1969 and at reducing amounts thereafter. The Series B debentures are redeemable at a premium of 4.75% to August 1, 1969 and at reducing amounts thereafter. The Series C debentures are redeemable at a premium of 4.9% to April 15, 1969 and at reducing amounts thereafter.

5. The supplemental trust indenture, dated April 1, 1966, relating to the collateral trust notes, includes, among other provisions, an amendment to the previous indentures which provides that the company may not purchase or acquire mortgages or instalment obligations except for the purpose of collecting or facilitating the collection of existing instalment or mortgage obligations.

The supplemental trust indenture also limits the aggregate amount of dividends (other than stock dividends) and the redemption of capital stock subsequent to January 1, 1961 to the amount of the consolidated net earnings arising from that date.

6. The preference shares are redeemable at a premium of 2½%. The supplementary letters patent creating the preference shares contain restrictions concerning the issue of additional preference shares. The arrears of dividends on the preferred shares amounted to \$111,750 at December 31, 1968 and dividends on such shares were paid to June 15, 1965.

7. At December 31, 1968 there were outstanding share purchase warrants (issued with the Series B debentures, the Series C debentures and the 15,000 6½% cumulative redeemable preference shares issued in 1964) entitling the holders thereof to purchase an aggregate of 27,000 common shares at \$14 per share to August 1, 1969.

8. The estimated loss available for income tax purposes to offset any future earnings amounts to approximately \$1,200,000 at December 31, 1968 for Algonquin Building Credits Limited and its wholly-owned subsidiary.

9. \$1,830,000 6% Collateral Trust Notes, Series D, payable on demand have been pledged as collateral to the bank loan of \$490,325.

16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Cecil H. Franklin, 27 Country Lane, Willowdale, Ontario.
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	None at the date hereof, but see Schedule "A" part B
18. Brief statement of any lawsuits pending or in process against company or its properties.	None other than routine collections on overdue accounts
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	None other than indentures under which debt securities of the Company have been issued, and amendments thereto.
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	There are no other material facts. The shares of the Company are not presently in the course of primary distribution

DATED January 21, 1969

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

ALGONQUIN BUILDING CREDITS LIMITED

"C.H. Franklin"

Per: C.H. Franklin

CORPORATE
SEAL

President & Director

"F.D. Lace"

Per: F.D. Lace

Vice-President & Director

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

THE TORONTO STOCK EXCHANGE

3/20/69

AMENDING FILING STATEMENT NO. 358.
FILED, APRIL 3rd, 1969.

ALGONQUIN BUILDING CREDITS LIMITED

Full corporate name of Company

AMENDING FILING STATEMENT

(To be filed with respect to any change in a Filing Statement filed within a period of six months)

To be read in conjunction with Filing Statement No. 1676
dated March 11, 1969.

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	<p>(a) Issue of Supplementary Letters Patent dated March 7, 1969 confirming the arrangement between the Company and its shareholders dated January 3, 1969 and completion of the re-organization of the Company's debt securities and share capital;</p> <p>(b) Issue of Subscription Rights to holders of Common Shares of record of March 31, 1969;</p> <p>(c) New secured bank loan of \$2,700,000 and redemption of outstanding Collateral Trust Notes.</p>									
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	<p>Change in office of Treasurer of the Company from:</p> <p>Cecil H. Franklin, 27 Country Lane, Willowdale, Ontario</p> <p>To: W. Ross Abbott, 156A Highbourne Road, Toronto, Ontario</p>									
4. Share capitalization showing authorized and issued and outstanding capital.	<p>Change in authorized and issued capital upon the issue of supplementary letters patent dated March 7, 1969.</p> <table><tr><td></td><td><u>Authorized</u></td><td><u>Issued</u></td></tr><tr><td>Class A 5¢ Non-Voting Participating Preference Shares without par value</td><td>1,000,000</td><td>25,000 *</td></tr><tr><td>Common Shares without par value</td><td>500,000</td><td>230,106</td></tr></table> <p>*200,160 Class A 5¢ Non-Voting Participating Preference Shares are reserved for issue upon redemption of the Company's outstanding \$1,668,000 principal amount of Non-Interest Bearing Debentures.</p>		<u>Authorized</u>	<u>Issued</u>	Class A 5¢ Non-Voting Participating Preference Shares without par value	1,000,000	25,000 *	Common Shares without par value	500,000	230,106
	<u>Authorized</u>	<u>Issued</u>								
Class A 5¢ Non-Voting Participating Preference Shares without par value	1,000,000	25,000 *								
Common Shares without par value	500,000	230,106								
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	<p>As collateral security for a proposed loan of \$2,700,000, the Company has issued to its bankers a demand debenture for \$2,700,000 bearing interest at the rate of 8% per annum as well after as before maturity and secured by a first fixed and specific mortgage, pledge, hypothec and charge upon all instalment obligations presently held and hereafter acquired by the Company, including renewals thereof and substitutions therefor, and upon all securities now held by the Company or hereafter acquired, including renewals thereof and substitutions therefor, and by a first floating charge upon all of the undertaking, property and assets for the time being both present and future of the Company.</p> <p>The proceeds of this loan have or will be applied:</p> <p>(i) as to approximately \$554,170 to repay all of the senior debt evidenced or secured by the Company's Collateral Trust Notes, all of which will be redeemed and cancelled;</p> <p>(ii) as to approximately \$133,440 for the redemption as of March 14, 1969 of \$333,600 principal amount of the Company's Non Interest Bearing Debentures;</p> <p>(iii) as to the balance for the purchase of the outstanding Canadian bank indebtedness of Hardee aggregating approximately \$2,000,000 referred to in Item 1.</p> <p>Assuming the exercise in full of the subscription rights referred to in Item 1, the Company's new bank loan of \$2,700,000 will be reduced to approximately \$1,600,000.</p>									

FINANCIAL STATEMENTS

Algonquin Building Credits Limited
(Incorporated under the laws of Ontario)
and its wholly-owned subsidiary
Algonquin Capital Corporation Limited

Consolidated Balance Sheet
December 31, 1968
(with comparative figures at December 31, 1967)

Assets		1968	1967
CURRENT ASSETS:			
Cash		\$ 188,325	\$ 156,479
Instalment notes receivable (including amounts not due within one year of approximately \$138,000 in 1968 and \$503,000 in 1967) after allowance for doubtful accounts of \$742,185 in 1968 and \$833,324 in 1967 (note 1)		709,507	1,359,362
Sundry accounts receivable and prepaid expenses		44,788	59,649
Total current assets		942,620	1,575,490
MORTGAGES RECEIVABLE:			
Mortgages receivable over terms of up to fifteen years (including instalments due within one year of \$402,000 in 1968 and \$440,000 in 1967) after allowance for doubtful accounts of \$185,477 in 1968 and \$187,785 in 1967 (note 2)		1,629,698	2,134,181
FIXED ASSETS:			
Office equipment, at cost		44,652	49,172
Less accumulated depreciation		37,952	39,685
Total fixed assets		6,700	9,487
DEFERRED CHARGES:			
Unamortized debenture issue expense		47,099	54,614
Deferred mortgage acquisition costs			1,976
		47,099	56,590
		<u>\$2,626,117</u>	<u>\$3,775,748</u>
Liabilities			
CURRENT LIABILITIES:			
Bank loan—secured		\$ 490,325	\$ 937,245
Accounts payable and accrued charges		72,542	78,528
6½% Collateral trust notes, Series C, payable on demand (note 3)		177,132	424,215
6% Collateral trust notes, Series D, payable on demand			237,175
7% Collateral trust notes, Series E, payable on demand (note 3)		32,543	78,365
Total current liabilities		772,542	1,755,528
DEFERRED INCOME			
Unearned service charges on instalment notes receivable		9,645	61,255
Unearned interest on mortgages		92,661	138,825
Total deferred income		102,306	200,080
LONG TERM LIABILITIES (notes 3 and 5):			
7% Sinking fund debentures, Series A, maturing March 15, 1970		480,000	480,000
6½% Sinking fund debentures, Series B, maturing August 1, 1983		588,000	588,000
6½% Debentures, Series C, maturing April 15, 1984		600,000	600,000
Total long term liabilities		1,668,000	1,668,000
SHAREHOLDERS' EQUITY:			
Capital (notes 3, 5, 6 and 7)—			
6½% cumulative, redeemable preference shares of \$20 par value each:			
Authorized—25,000 shares			
Issued—25,000 shares		500,000	500,000
Common shares of no par value			
Authorized—300,000 shares			
Issued—205,106 shares (80,000 shares issued during 1968 for cash)		794,061	734,061
		1,294,061	1,234,061
Less commissions and expenses paid on issue of shares (less premiums received)		36,611	36,611
		1,257,450	1,197,450
Deficit		(1,174,181)	(1,045,310)
Total shareholders' equity		83,269	152,140
		<u>\$2,626,117</u>	<u>\$3,775,748</u>

(see accompanying notes)

On behalf of the Board:

C. H. FRANKLIN, Director W. R. ABBOTT, Director

Statements of Consolidated Profit and Loss and Consolidated Deficit
For the Year Ended December 31, 1968
(with comparative figures for the year 1967)

Consolidated Profit and Loss		1968	1967
REVENUE:			
Earned service charges and other income		\$ 255,524	\$ 377,458
EXPENSES:			
General and administrative expenses		165,892	183,856
Costs of borrowing money		197,987	267,701
Provision for doubtful accounts		17,729	87,319
Amortization of mortgage acquisition costs			4,063
Depreciation		2,787	2,726
Total expenses		384,395	545,665
Net loss for the year		<u>\$ 128,871</u>	<u>\$ 168,207</u>
Consolidated Deficit			
Deficit at beginning of year		\$1,045,310	\$ 877,103
Add net loss for the year		128,871	168,207
Deficit at end of year		<u>\$1,174,181</u>	<u>\$1,045,310</u>

(See accompanying notes)

Statement of Consolidated Cash Receipts and Disbursements

For the Year Ended December 31, 1968

(with comparative figures for the year 1967)

	1968	1967
CASH RECEIPTS:		
Payments received on instalment notes receivable.....	\$ 658,252	\$1,240,446
Payments received on mortgages receivable.....	477,460	467,181
Interest payments received on interest-bearing mortgages.....	172,747	189,630
Income tax refund.....		38,831
Proceeds from sale of fixed assets.....		830
Sale of common shares.....	60,000	
	<u>1,368,459</u>	<u>1,936,918</u>
CASH DISBURSEMENTS:		
Reduction of senior debt.....	977,000	1,350,000
Interest on debt.....	197,987	267,359
General and administrative expenses.....	150,521	181,920
Advances re existing instalment notes and mortgages.....	11,105	37,090
	<u>1,336,613</u>	<u>1,836,369</u>
Increase in cash.....	<u>\$ 31,846</u>	<u>\$ 100,549</u>

Notes to the Consolidated Financial Statements

December 31, 1968

1. The following summary shows the status of the notes receivable at December 31:

	1968	1967
Accounts with instalments less than 30 days in arrears or with no arrears..	\$ 118,059	\$ 529,151
Accounts with instalments in arrears for—		
30 to 59 days.....	40,550	82,524
60 to 89 days.....	37,642	49,983
90 days or more.....	<u>1,255,441</u>	<u>1,531,028</u>
	1,451,692	2,192,686
Less allowance for doubtful accounts.....	<u>742,185</u>	<u>833,324</u>
	<u>\$ 709,507</u>	<u>\$1,359,362</u>

2. The following summary shows the status of mortgages held by the subsidiary company at December 31, 1968:

	Accounts with instalments 90 days or more in arrears	Accounts with no arrears or with instalments less than 90 days in arrears	Total
Interest—included mortgages.....	\$125,273	\$ 240,849	\$ 366,122
Interest-bearing mortgages.....	437,588	870,744	1,308,332
Other mortgages.....	128,100	9,021	137,121
	<u>\$690,961</u>	<u>\$1,120,614</u>	<u>1,811,575</u>
Sundry advances.....			3,600
			<u>1,815,175</u>
Less allowance for doubtful accounts.....			<u>185,477</u>
			<u>\$1,629,698</u>

3. Subsequent events.

(i) Plan of reorganization—subsequent to the year end a plan of reorganization of the capital and debt structure of the company was approved by all interested parties and where applicable confirmed by supplementary letters patent dated March 7, 1969. The plan provides for:

- the creation of an additional 175,000 authorized common shares,
- the creation of 975,000 Class A 5¢ non-voting participating preference shares without par value,
- the conversion of the 25,000 authorized, issued and outstanding redeemable preference shares into 25,000 common shares plus 25,000 Class A preference shares, and
- the conversion of the \$1,668,000 outstanding debentures into non-interest bearing debentures which mature in equal amounts of \$333,600 on March 15 in each of the years 1969 to 1973 inclusive of which \$133,440 of the \$333,600 will be paid for in cash and the remaining \$200,160 by the issue of 40,032 Class A preference shares.

(ii) Commitment—the Company has offered to purchase, for approximately \$2,103,000, from the bankers of Hardee Farms International Ltd. bank indebtedness of Hardee which will total approximately \$4,185,000. Contemporaneously with the acquisition of the bank indebtedness by Algonquin, Hardee under the terms of the offer, is to convert \$2,000,000 of its bank indebtedness into 2,000,000 common shares. On the completion of the transaction Algonquin will have approximately \$2,185,000 of debt of Hardee plus 2,000,000 common shares of Hardee.

(iii) Bank loan—the company arranged for a new bank loan of \$2,700,000 in March 1969. The proceeds from the bank loan have been used to:

- repay the existing bank loan,
- redeem the Series C and Series E collateral trust notes, and
- pay the cash instalment on the non-interest bearing debentures due on March 15, 1969 of \$133,440; and \$2,000,000 will be used to pay for the investment in Hardee referred to above, on the completion of the transaction. The new bank loan is secured by a pledge of the notes and mortgages receivable, plus the investment in Hardee.

(iv) Rights issue—The company plans to offer to its common shareholders the right to subscribe for one additional share at \$5.00 per share for each share held as of March 31, 1969. If all of the rights are exercised the company will receive \$1,150,530.

4. In addition to unearned service charges and interest of \$102,306, the company will obtain income from interest bearing mortgages.

5. As a result of the reorganization referred to in note 3 above:
- (i) all rights to unpaid accumulated dividends on the 6½% preference shares have been terminated;
 - (ii) interest on the debentures ceased to accrue as of February 6, 1969;
 - (iii) all events of default on the debentures have been waived;
 - (iv) the provision in the trust indentures relating to the collateral trust notes which provides that the company may not purchase or acquire mortgage or instalment obligations has been deleted.
 - (v) the company can now enter into new business transactions.
6. In any fiscal year the 5¢ dividend on the Class A preference shares referred to in note 3(i) is to be paid before any dividend is paid on the common shares and each preference share is entitled to receive a dividend equal to the dividend declared on each common share subsequent to the payment of a 5¢ dividend on the preference shares and the common shares. The Class A non-voting preference shares rank equally with the common shares in all other respects.
7. At December 31, 1968 there were outstanding share purchase warrants (issued with the Series B debenture, the Series C debentures and the 15,000 6½% cumulative, redeemable preference shares issued in 1964) entitling the holders thereof to purchase an aggregate of 27,000 common shares at \$14 per share to August 1, 1969.
8. Future income taxes of Algonquin Building Credits Limited and its wholly-owned subsidiary may be reduced by approximately \$600,000 as a result of loss carry-forwards available at December 31, 1968.

Auditors' Report

TO THE SHAREHOLDERS OF

ALGONQUIN BUILDING CREDITS LIMITED:

We have examined the consolidated balance sheet of Algonquin Building Credits Limited and its wholly-owned subsidiary as at December 31, 1968 and the statements of consolidated profit and loss and deficit and consolidated cash receipts and disbursements for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the companies as at December 31, 1968 and the results of their operations and their cash receipts and disbursements for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
March 28, 1968.

Clarkson, Gordon & Co.
Chartered Accountants

Algonquin Building Credits Limited
(Incorporated under the laws of Ontario)

and its wholly-owned subsidiary
Algonquin Capital Corporation Limited

Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet
December 31, 1968

Assets	Balance Sheet	Pro forma balance sheet (note 1)
CURRENT ASSETS:		
Cash.....	\$ 188,325	
Instalment notes receivable (including amounts not due within one year of approximately \$138,000) after allowance for doubtful accounts of \$742,185 (note 2).....	709,507	\$ 709,507
Sundry accounts receivable and prepaid expenses.....	44,788	44,788
Total current assets.....	<u>942,620</u>	<u>754,295</u>
MORTGAGES RECEIVABLE:		
Mortgages receivable over terms of up to fifteen years (including instalments due within one year of \$402,000) after allowance for doubtful accounts of \$185,477 (note 3).....	1,629,698	1,629,698
INVESTMENT IN HARDEE FARMS INTERNATIONAL LTD., at cost.....		<u>2,103,000</u>
FIXED ASSETS:		
Office equipment, at cost.....	44,652	44,652
Less accumulated depreciation.....	37,952	37,952
Total fixed assets.....	<u>6,700</u>	<u>6,700</u>
DEFERRED CHARGES:		
Unamortized debenture issue expense.....	47,099	47,099
	<u>\$2,626,117</u>	<u>\$4,540,792</u>
Liabilities		
CURRENT:		
Bank loan—secured (note 8).....	\$ 490,325	\$2,700,000
Bank indebtedness.....		48,115
Accounts payable and accrued charges.....	72,542	72,542
Collateral trust notes payable on demand		
6½% Series C.....	177,132	
7% Series E.....	32,543	
Total current liabilities.....	<u>772,542</u>	<u>2,820,657</u>
DEFERRED INCOME:		
Unearned service charges on instalment notes receivable.....	9,645	9,645
Unearned interest on mortgages.....	92,661	92,661
Total deferred income.....	<u>102,306</u>	<u>102,306</u>
Long term liabilities (note 4):		
7% Sinking fund debentures, Series A, maturing March 15, 1970.....	480,000	
6¾% Sinking fund debentures, Series B, maturing August 1, 1983.....	588,000	
6½% Debentures, Series C, maturing April 15, 1984.....	600,000	
Non-interest bearing Debentures.....		1,334,400
Total long term liabilities.....	<u>1,668,000</u>	<u>1,334,400</u>
SHAREHOLDERS' EQUITY:		
Capital (notes 4, 5, 6, and 8)—		
Authorized:		
Balance sheet—		
25,000 6½% cumulative, redeemable preferred shares of \$20 par value each		
300,000 common shares of no par value		
Pro forma balance sheet—		
1,000,000 5¢ class A, non-voting, non-cumulative, participating preference shares without par value		
500,000 common shares without par value		
Issued:		
Balance sheet—		
25,000 preference shares.....	500,000	
205,106 common shares (80,000 shares issued during 1968 for cash).....	794,061	
	<u>1,294,061</u>	
Pro forma balance sheet—		
65,032 preference shares }		1,494,221
230,106 common shares }		
Less commissions and expenses paid on issue of shares (less premiums received).....	36,611	36,611
	<u>1,257,450</u>	<u>1,457,610</u>
Deficit.....	<u>(1,174,181)</u>	<u>(1,174,181)</u>
Total shareholders' equity.....	83,269	283,429
	<u>\$2,626,117</u>	<u>\$4,540,792</u>

Notes to the Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet
December 31, 1968

- The pro forma consolidated balance sheet gives effect as at December 31, 1968 to the following:
 - the reorganization of the capital and debt structure of the company by
 - the creation of an additional 175,000 authorized common shares,
 - the creation of 975,000 Class A 5¢ non-voting participating preference shares without par value,
 - the conversion of the 25,000 authorized, issued and outstanding redeemable preference shares into 25,000 common shares plus 25,000 Class A preference shares, and
 - the conversion of the \$1,668,000 sinking fund debentures outstanding into non-interest bearing debentures which mature in equal instalments of \$333,600 on March 15 in each of the years 1969 to 1973 inclusive, of which \$133,440 of the \$333,600 will be paid for in cash and the remaining \$200,160 by the issue of 40,032 Class A preference shares.
 - the acquisition of an interest in Hardee Firms International Ltd. consisting of
 - demand notes payable of approximately \$2,185,000 (U.S. \$1,764,000 and Canadian \$285,000)
 - 2,000,000 common shares of Hardee
 - the borrowing of \$2,700,000 from the company's bankers (to be secured by a pledge of the notes and mortgages receivable, plus the investment in Hardee)
 - the repayment of the existing bank loan
 - the redemption of the Series C and Series E collateral trust notes
 - the payment of the cash instalment of \$133,440 due on March 15, 1969 on the non-interest bearing debentures
 - the payment for the acquisition of the investment in Hardee referred to above.

2. The following summary shows the status of the notes receivable at December 31:

	1968	1967
Accounts with instalments less than 30 days in arrears or with no arrears..	\$ 118,059	\$ 529,151
Accounts with instalments in arrears for—		
30 to 59 days.....	40,550	82,524
60 to 89 days.....	37,642	49,983
90 days or more.....	1,255,441	1,531,028
	1,451,692	2,192,686
Less allowance for doubtful accounts.....	742,185	833,324
	<u>\$ 709,507</u>	<u>\$1,359,362</u>

3. The following summary shows the status of mortgages held by the subsidiary company at December 31, 1968:

	Accounts with instalments 90 days or more in arrears	Accounts with no arrears or with instalments less than 90 days in arrears	Total
Interest—included mortgages.....	\$125,273	\$ 240,849	\$ 366,122
Interest-bearing mortgages.....	437,588	870,744	1,308,332
Other mortgages.....	128,100	9,021	137,121
	<u>\$690,961</u>	<u>\$1,120,614</u>	<u>1,811,575</u>
Sundry advances.....			3,600
			1,815,175
Less allowance for doubtful accounts.....			185,477
			<u>\$1,629,698</u>

4. As a result of the reorganization referred to in note 1(a) above:

- all rights to unpaid accumulated dividends on the 6½% preference shares have been terminated;
- interest on the sinking fund debentures ceased to accrue as of February 6, 1969;
- all events of default on the sinking fund debentures have been waived;
- the provision in the trust indentures relating to the collateral trust notes which provides that the company may not purchase or acquire mortgage or instalment obligations has been deleted.
- the company can enter into new business transactions.

5. In any fiscal year the 5¢ dividend on the Class A preference shares referred to in note 1(a) is to be paid before any dividend is paid on the common shares and each preference share is entitled to receive a dividend equal to the dividend declared on each common share subsequent to the payment of a 5¢ dividend on the preference shares and the common shares. The Class A non-voting preference shares rank equally with the common shares in all other respects.

6. At December 31, 1968 there were outstanding share purchase warrants (issued with the Series B debenture, the Series C debentures and the 15,000 6½% cumulative, redeemable preference shares issued in 1964) entitling the holders thereof to purchase an aggregate of 27,000 common shares at \$14 per share to August 1, 1969.

7. Future income taxes of Algonquin Building Credits Limited and its wholly-owned subsidiary may be reduced by approximately \$600,000 as a result of loss carry-forwards available at December 31, 1968.

8. The company plans to offer to its common shareholders the right to subscribe for one additional share at \$5.00 per share for each share held as of March 31, 1969. If all of the rights are exercised the company will receive \$1,150,530. The proceeds of the issue of the additional common shares will be used to reduce the company's bank loan.

Auditors' Report

TO THE DIRECTORS OF

ALGONQUIN BUILDING CREDITS LIMITED:

We have examined the consolidated balance sheet and the pro forma consolidated balance sheet of Algonquin Building Credits Limited and its wholly-owned subsidiary as at December 31, 1968. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

- the accompanying consolidated balance sheet presents fairly the financial position of the companies as at December 31, 1968, and
- the accompanying pro forma consolidated balance sheet presents fairly the financial position of the companies as at December 31, 1968, after giving effect as at that date to the changes set forth in note 1 to the balance sheets,

both in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, Canada,
March 28, 1968

CLARKSON, GORDON & Co.
Chartered Accountants

6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.

The Company proposes to offer to all holders of Common Shares of record March 31, 1969 the right to subscribe for one additional Common Share at \$5.00 per share for each Common Share held. The offer will expire at 4:00 p.m. Eastern Standard Time on April 21, 1969. It is expected that Subscription Rights Certificates will be mailed to holders of Common Shares on or about April 3, 1969.

United States shareholders will not be entitled to subscribe but may sell their rights through the usual investment channels.

The offering of rights is not fully underwritten. However the Company has entered into an agreement dated March 15, 1969 with Cecil H. Franklin, President of the Company, whereunder the Company has agreed to allot, issue and sell and Mr. Franklin has agreed to purchase on April 28, 1969, at a price of \$5.00 per share such number of the unsubscribed Common Shares represented by all rights which are unexercised and are allowed to expire on April 21, 1969 as will increase to approximately 49% the proportion of the outstanding common shares of the Company owned by Mr. Franklin. Mr. Franklin would be required to purchase a maximum of 123,847 Common Shares pursuant to the agreement. Under the terms of the agreement any Common Shares purchased by Mr. Franklin will be purchased for investment purposes only and not with a view to distribution or resale. The agreement contains no market-out clause or similar out clause. Mr. Franklin will not receive any commission or other remuneration in connection with the issue.

The Company has agreed to pay a service charge of 7 cents per share to members of The Toronto Stock Exchange and the Investment Dealers Association of Canada that secure subscriptions for Common Shares upon the exercise of the Rights.

7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.

Cecil H. Franklin,
27 Country Lane,
Willowdale, Ontario

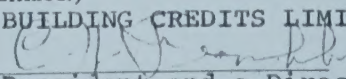
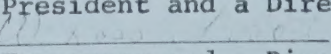
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.

There are no other material facts.

DATED March 14, 1969.

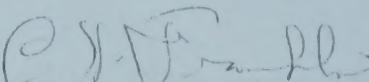
CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

ALGONQUIN BUILDING CREDITS LIMITED
"C.H. Franklin"  CORPORATE
President and a Director
"W.R. Abbott"  SEAL
Treasurer and a Director

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)


Cecil H. Franklin

